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4 BEFORE THE INSURANCE COMMISSIONER  
5 OF THE STATE OF WASHINGTON

6 In the Matter of

7 THE APPLICATION REGARDING  
8 THE CONVERSION AND  
9 ACQUISITION OF CONTROL OF  
10 PREMERA BLUE CROSS AND  
ITS AFFILIATES

No. G02-45

PRE-FILED DIRECT TESTIMONY  
OF KEITH LEFFLER, PH.D

11 I, Keith Leffler, Ph.D, do hereby declare that the following facts are personally  
12 known to me and, if called upon to do so, I would testify to them.

13 1. I am now, and at all times pertinent herein was, a citizen of the United  
14 States and a resident of the State of Washington, over the age of eighteen (18) years,  
15 and competent to testify in a court of law.

16 2. I contracted with the OIC Staff to assist in the analysis and evaluation of  
17 the application submitted by Premera.

18 3. I have attached to this instrument as Exhibit "S-16" a copy of my current  
19 curriculum vitae that summarizes my credentials and expertise.

20 4. In connection with my obligations under the contract with the OIC Staff, I  
21 prepared reports pertaining to my areas of expertise which contain my opinions and  
22 conclusions. I have attached to this instrument the following documents:  
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a. Exhibit "S-17" which is a copy of a final report entitled "Antitrust Review by the Office of Insurance Commissioner" dated October 27, 2003, which I prepared.

b. Exhibit "S-18" which is a copy of a supplemental report taking into consideration Premera's revisions to its Form A Statement that were submitted on February 5, 2004 entitled "Antitrust Review by the Office of Insurance Commissioner: Supplement to the Report of Keith Leffler, Ph.D" and dated February 27, 2004. Exhibit "S-18" was prepared and filed under my direction.

5. Exhibits "S-16," "S-17," and "S-18" are incorporated herein as if set forth verbatim.

I declare under penalty of perjury under the laws of the State of Washington  
that the foregoing is true and correct.

Dated March 25, 2004, at Seattle, Washington.

Keith Leffler  
KEITH LEFFLER, PH.D.